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JUNE 10, 1988

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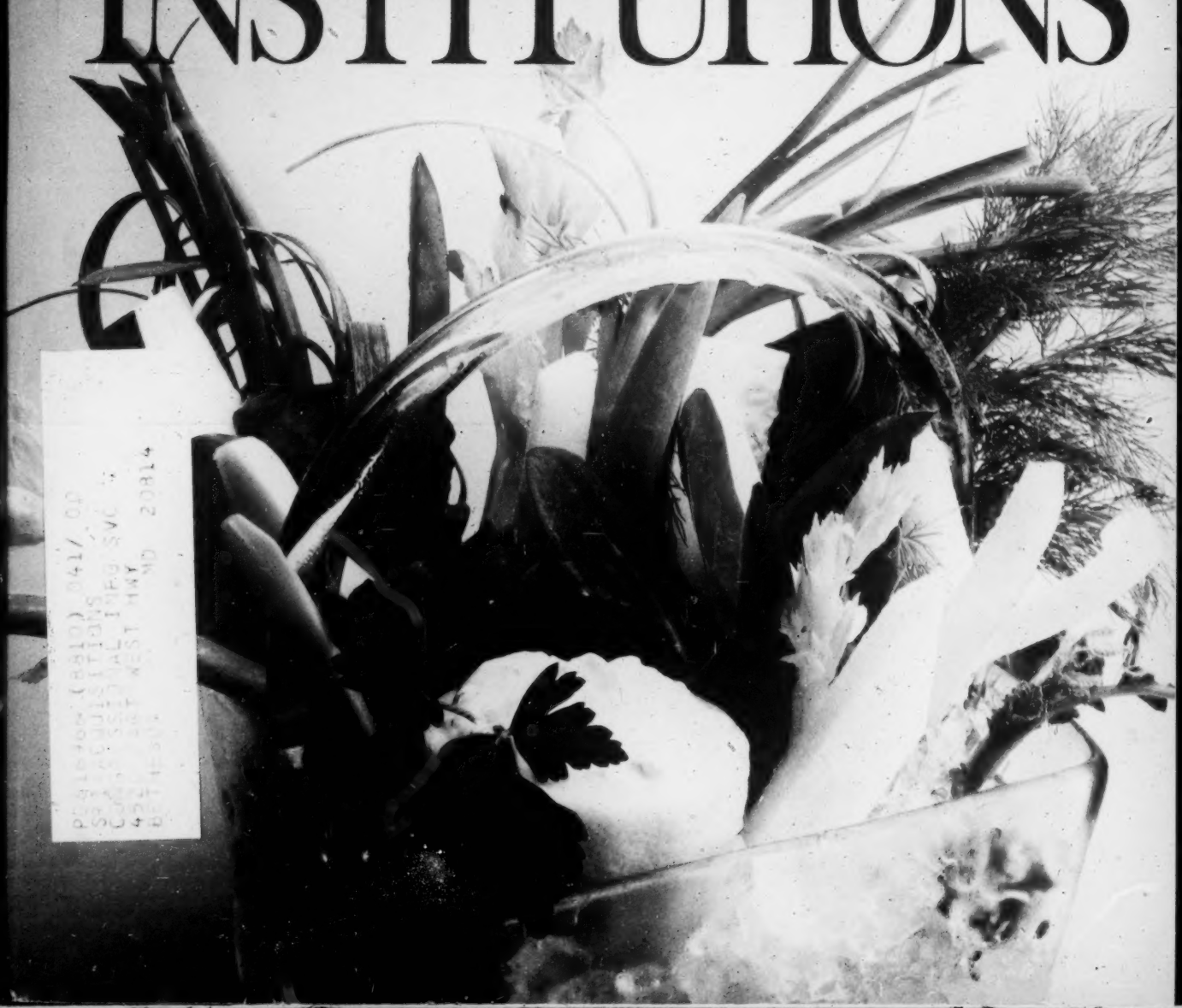

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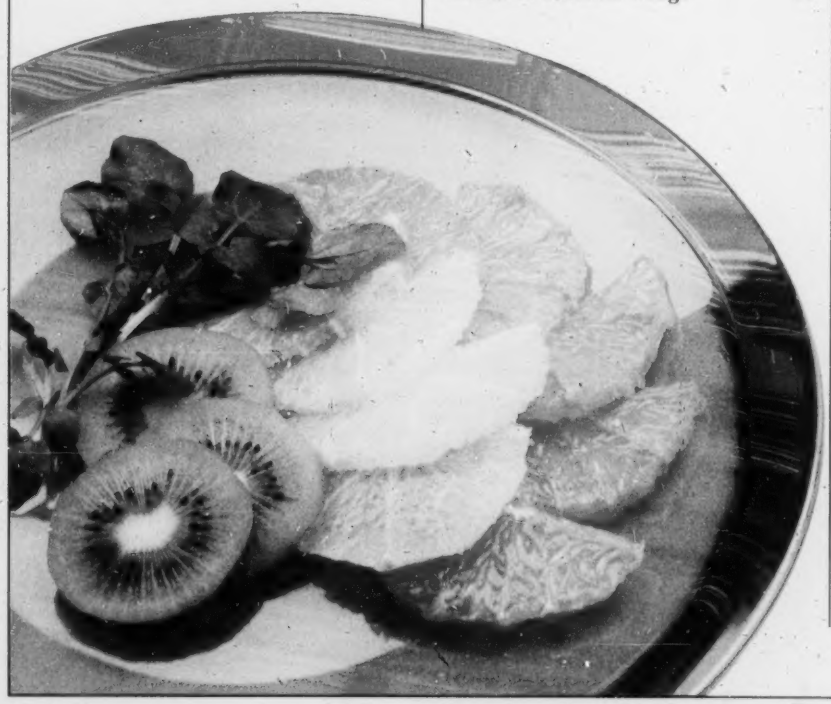

■ MARKETING

Advertisers Responding to Direct-Mail Clutter

Personal approach is needed to stand out in what has become a crowded field.

Eight years ago, 200 of Round Table Pizza's 300 operators voluntarily participated in direct-mail advertising programs. Today there are 550 units, but still only 200 are using direct mail to draw customers. Many of those franchisees who refuse to get involved are concerned about mailbox clutter and its effect on patron response.

"When we started doing direct mail about eight years ago, the makeup of the mail was different," says Glen Kronewetter, vice president of marketing for Round Table Franchise Corp. "Direct mail was an innovative tool that generated a lot of response and set us apart from the competition.

"But now there are more mediums in the direct-response category, and consumers are receiving such volumes they often don't look at what they receive," says Kronewetter. "It's still a great tool, but I have seen the response rate fall off."

Today, mailboxes are flooded with direct-mail offers.

Nevertheless, direct mail remains one of the most popular marketing vehicles of the '80s. The average redemption rate for four-color free-standing newspaper inserts has dropped from 5.6% to less than 4% in the past five years, forcing more operations to look at options such as direct mail. But experts say a simple two-color direct-mail coupon illustration may no longer be enough to capture consumers' attention when their mailboxes are stuffed with value packs, miniature menus and more. Imagination and personalization are the keys to successful direct-mail marketing today.

"Restaurants draw from a geographic area or an identifiable group," says John Jay Daly, a Washington, D.C., creative communications consultant specializing in direct mail. "Find out who they are and mail to them with some degree of regularity. Once they come into your restaurant, get their names and addresses in some discreet way and cultivate the friendship. Write them. Do anything you can to be personal."

That is just what Allan Post is doing at Carlson Co.'s Country Kitchen, and so far with smashing results.

"We are hand writing messages on post cards," says Post, senior vice president of marketing. "It has the name, a date, a greeting and a message concerning a free offer about a new product. We'll say something like, 'Come on in and try it. Be my guest. I'm so proud of this new product I want you to try it. And as a neighbor, you should have first shot at it. And when you come in, ask for me or my manager. I'd like to know how you like it.'"

To keep a lid on costs for what sounds like an expensive proposition, Post says he hires high school students to come in after school and write out the post cards with a ball point pen. Instead of running the post cards through a postage machine, a real stamp is affixed. About 20 or 30 cards are sent out each day.

However, many franchisees are still cool to the idea because of the expense. "We may never see franchisees give something away," says Post. "They are very shortsighted in that regard."

In response, Post says, "Wouldn't you rather spend 40 cents to get a new customer in the door than 10 cents and get the same guy who comes in every week anyway?"

Reponse for direct-mail pieces had been between 4% and 8%. With Post's new plan, response has been as high as 25%.

At Domino's Pizza, the answer to the clutter problem is much simpler. "We try to maintain a strict rotation of solo pieces and the various forms of cooperative mail," says Burke Cueny, director of national field marketing. "We'll vary the size and colors to stay top of mind with consumers."

Among independent operators, direct mail costs even more per person reached. "But the quality of the person you reach and the ability to be very directed in terms of your message makes up for the differ-

POPULAR FORMATS
Coupons and value packs are cited by managers as the leading forms of direct mail.

Coupon/discount	**64%**
Co-op/value pack	**20**
Miniature menu	**15**
Calendar of events	**14**
Giveaway	**11**
Letter/invitation	**9**
Newsletter	**7**
Post card	**1**

Source: National Restaurant Association Gallup survey, 1987

ence," says Dawn Reithel, director of marketing for Lettuce Entertain You restaurants.

To offset the cost of expensive mailing lists, Lettuce has developed its own list throughout the years by leaving a space on past promotions for customers to fill in their name, address and birthday. The recent introduction of the Lettuce personal credit card also has helped expand the list. About 13,000 people have signed up for the card, and all those names have been added to its list. The only time Lettuce pays for an outside list is when its objective is to generate new customer trial.

Reithel stays away from cooperative mailings (in which coupons from 10 to 12 different types of businesses are enclosed in one envelope) because she says she loses control over with whom Lettuce is positioned. "We also have to make compromises over whom it will be mailed to as well," says Reithel. "They are mailed to a group every advertiser is happy with. It is important to stay as targeted as possible."

But smaller chains and independents are forced to go the co-op route because of price constrictions, especially in larger markets where they might have only one unit.

Bobby Rubino's, a Fort Lauderdale, Fla.-based midscale barbecue chain, has had great success with co-op direct mail and has gotten around the image and clutter problem by putting together a higher quality four-color piece.

"We try to go with a real strong headline and stay away from heavy copy," says Rubino's marketing executive Janice Kinker. "I know we have to put up with a lot of clutter, but I think people are looking for more value these days."

A new drawback to direct mail is increased postal rates. Third-class bulk postal rates went up about 25% in mid-April. What used to cost Domino's $78 per 1,000 direct-mail pieces now costs $92 per 1,000. "The postal service is forcing us to look at alternative methods," says Cueny.

Jim Rohr, director of advertising for Brown's Chicken, says higher postal rates also should force chains to better manage their mailing lists, gearing them more toward known customer bases.

On the other hand, increased postal rates could help diminish the volume and help cut the clutter. The postal service says the new rates should cut volume by 6%. Other marketing experts say it will decrease 20% to 30%. —*Jeff Weinstein*

REACH OUT TO OLD CUSTOMERS

One underutilized direct-response marketing tool is the telephone. It can best be used to express good will. Customers who have not been in a particular restaurant for a while will be pleasantly surprised when they get a call from the owner saying he is looking forward to seeing them soon.

Riggio's Cordially Invites You To Enjoy A LUNCHEON
Riggio's
698-3346 Restaurant
Riggio's Cordially Invites You To Enjoy A FREE DINNER
$1.00 off
J.D. KADD'S PIZZA
"YOU DESERVE THE BEST"
$1.00 off ANY PIZZA
Hello Taco Bell.
17011 MILWAUKEE AVE • GLENVIEW
9480 WAUKEGAN RD. • MORTON GROVE
GOLF MILL SHOPPING CENTER • NILES
FREE TACO BELL • When You Buy One BURRITO SUPREME
FREE SOFT TACO SUPREME When You Buy One
FREE TACO When You Buy One
The Works! Only $2.99

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MAGAZINE DIVISION STAFF

Terrence McDermott, President; David S. Wexler, Vice President Foodservice Group; Thomas J. Dellamaria, Vice President Production and Manufacturing.

BUSINESS STAFF

Barry H. Reese, Publisher; Jane Young Wallace, Associate Publisher; Steven D. Mayer, Director of Marketing; Catherine Erickson, Associate Director of Marketing; Kate Leach, Assistant to Sales/ Marketing Director; M.R. Robinson, Vice President Foodservice Research; Karen Hallberg, Foodservice Research Director; Ed Christ, Circulation Director; Denise Stolton, Circulation Manager.

BUSINESS OFFICES

Mark A. Strauss, National Sales Director. **Midwest:** Rose Deneen, National Sales Coordinator; Spencer B. Isola, Regional Manager; John W. Maisel, Regional Manager; Marjorie S. Maca, District Manager; Susan Kallas, Sales Services Manager; Patricia McGowan, Recruitment/Classified Advertising Manager, Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5060. Phone: 312/635-8800. **East Coast:** Robert Fisk, Regional Manager; William Lazar, Regional Manager, 8 Stamford Forum, P.O. Box 10277, Stamford, CT 06904-2277. Phone: 203/328-2547. Michael Cardello, Regional Manager and National Sales Manager/Beverage Alcohol, 249 W. 17th St., New York, NY, 10011-5301. Phone: 212/463-6480. **Central Area:** Jerry Stiegler, Regional Manager, 1621 Euclid Ave., Cleveland, OH 44115-2186, Phone: 216/696-1800. **Southeast:** Thomas McElhinny, Regional Manager; Claire Gillen, District Manager; Suite 395, 6520 Powers Ferry Rd., Atlanta, GA 30339-2911, Phone: 404/955-6500. **West Coast:** Stephen Kosloff, Regional Manager; Rebecca Roberts, Regional Manager, Suite 236, 12233 W. Olympic Blvd., Los Angeles, CA 90064-1068. Phone: 213/826-5818. **Southwest:** Thomas McElhinny, Regional Manager, 12127 Carriage Hill Dr., Houston, TX 77077-2508. Phone: 713/497-1095. Michael Cardello, Regional Manager, Suite 515, 13740 Midway Road, Dallas, TX 75244-4314. Phone: 214/980-0318. **Japan:** Kaoru Hara, Dynaco International Inc., Suite 1003—Sun-Palace Shinjuku, 8-12-1 Nishishinjuku Shinjuku-ku, Tokyo 160, Japan. Phone: 03/366-8301.

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